

**Reauthorization Subcommittee Meeting
Draft Minutes
World Class Conference Room, Kilroy Building, Sea Tac
March 2, 2006, 1:00 – 3:00 p.m.**

Lead: Rodney Eng, (206) 684-8241

Scribe: Searetha Kelly, (360) 902-7941

Name	Organization	Phone	e-mail
<i>Subcommittee Members</i>			
Rodney Eng (Lead) Present	City of Seattle	206-684-8241	rodney.eng.@seattle.gov
Dan Absher Absent	Absher Construction	253-845-9544	dra@abshernw.com
Butch Reifert Absent	Design Industry	206-441-4151	breifert@mahlum.com
Rocky Sharp Present	Electrical Contractor	253-383-4546	rsharp@madsenelectric.com
Ed Kommers Present	Mechanical Contractors	206-612-7304	ekommers@comcast.net
Dave Johnson Absent	WA State Bldg. & Construction Trades Council	360-357-6778	DJIW86@aol.com
John Palewicz Present	UW	206-221-4223	palewicz@u.washington.edu
John Lynch Present	General Administration	360-902-7227	jlynch@ga.wa.gov
Wendy Keller Absent	Public Hospital Project Review Board	206-684-1912	Wendy.Keller@metrokc.gov
Tom Peterson Absent	Hoffman Construction	206-286-8697	tom-peterson@hoffmancorp.com
Ashley Probart Absent	Assoc of WA Cities	360-753-4137	ashleyp@awcnet.org
Dick Lutz Present	Centennial Contractors	360-867-9443	dicklutz@comcast.net
Larry Stevens Present	NECA/MCA	253-212-1536	lwstevens@wwbd.org
Paul Berry Present	Former City of Seattle Employee	206-772-1772	pnberry1@earthlink.net
Steve Goldblatt Present	University of Washington	206-685-1676	bconbear@u.washington.edu
Stan Bowman Absent	AIA WA Council	360-943-6012	bowman@aiawa.org
G.S. "Duke" Schaub Absent	Associated General Contractors	360-352-5000	dschaub@agcwa.gov

<i>Other Attendees</i>			
Michael Mequet Present	Port of Seattle	(206) 835-7632	Mequet.m@portseattle.org
Nancy Deakins Present	General Administration	360-902-8161	deakink@dshs.wa.gov
Lyle Martin Absent	Hoffman Construction	206-286-6697	Lyle-martin@hoffmancorp.com
Dick Goldsmith Present	AWPHD	206-216-2528	richardg@awphd.org
Michael Transue Absent	AGC	253-223-2508	Cmjtransue@comcast.net
Dan Vaught Absent	School District Project Review Board	425-489-6447	dvaught@nsd.org

Task Force #1 (Owner)

Paul Berry and Nancy Deakins walked the group through two handouts describing a proposed centralized project review board and owner qualifications for the centralized review board to consider. At this point, we are only discussing the review of General Contractor/Construction Manager (GC/CM) projects. Review of Design Build and the Job Order Contract projects will be addressed by the task force following the work on GC/CM projects review.

The Capital Projects Advisory Review Board (CPARB) would have a subcommittee to function as a centralized review board for all GC/CM projects, through a standardized application process. This centralized board would eliminate the hospitals and school boards that are in statute and functioning today. It would be used in place of public hearings.

Mr. Lynch stated that the Legislature wants a standard tool for eligible owners (things have cluttered up within the law). We need to have a standard/common measurement.

Mr. Eng said that the Expansion Subcommittee is looking at the project and owner criteria in more detail. Mr. Kommers expressed concern about opening up GC/CM projects to all owners and to projects under \$10 million.

Should everyone have to go to the centralized board for approval? A flowchart on the first handout shows the intent to allow those entities who currently have legislative authority to use GC/CM and who have successfully completed a GC/CM project to submit their projects to the central review board for review and recommendations. Whereas, those entities who do not currently have legislative authority to use GC/CM or who have not completed a successful project and public hospitals and school districts would submit their projects to the central review board for review and approval.

There was concern about approving authorities potentially approving projects for which the central review board thought were either not appropriate for using GC/CM or were not

appropriately staffed. Response: If there is a challenging recommendation coming from the central review board, the approving authority will see it.

The CPARB would have oversight responsibilities. We need a summary in statute, then details would need to be developed. Their role should be described in a general way. We should paraphrase job responsibilities for this board. The Hospital Districts is a voluntary board. They use two to three hours to go through each application.

We should think about what the board can do and give a written report to the Capital Projects Advisory Review Board. We should get a statutory language draft completed based on the flow chart.

Task Force #2 (MACC)

Discussion was around the timing of setting the Maximum Allowable Construction Cost (MACC).

Private Sector – Price negotiated toward end of design process even though have working number earlier.

Public Sector – GC/CM must go and publicly bid – issue of not having subcontractors to price until the last minute.

One proposal was to set the MACC 60 days prior to bidding (less time, multiple over a period of time; up to six months). Mr. Eng stated that this would be unmanageable (contractor and others) did not like it. A lot of factors and not a workable idea. Subcontractors have concerns about going out for mechanical/electrical/plumbing before the MACC is set and before the plans are complete enough to be buildable. Can go out for bid, but should not award before the MACC is set. Owners' issues included: (1) Loss of philosophy of why set MACC early, (2) Loss of negotiation power, (3) Need for alternatives (4) Phased construction.

Modified Legislation

- Short Version – Dan Vaught's language
- Long Version – Lyle Martin's language

Contractors' Point of View

- Lose money in pre-construction
- Go build something, opportunity to make money
- Need project to move forward

Mr. Eng said that statutory modifications should be on the table. He wants to hear from other owners. His constituents to set the MACC early. Sharing of risk (is going to become reality) should be done in a fair way. He is trying to get some form of flexibility for the cities.

- More successful, if MACC established earlier (it is more comfortable)

- Real effective relationship with sophisticated owner, contractor and design team. In negotiations consider risks and who has those risks. Can have collaborative relationship(s)
- Don't like restricting sophisticated owner (can and have done it correctly)

Subcommittee Consensus Item:

- Set the MACC at 90% design.

Task Force #3 (Contractor)

(1) Subcontractor Eligibility

- GC/CMs sometimes need to pre-qualify subcontractors; pre-qualifications are stated in paragraph RCW 39.10.061
- Problem with inconsistent use of pre-qualifications – there is a white paper outlining model eligibility
- Mr. Kommers suggests getting rid of pre-qualifications “eligibility” language and replacing with Responsibility Criteria language like GA uses very well
- Lyle and others talked about when a system is really builder designed or when there is a need for design assist before being able to put the package out to bid. There was a suggestion to describe design build on certain critical systems that are traditionally bidder designed.

(2) Specified General Conditions

- Discussion was around what General Contractors ought to be doing and not having the subcontractors do it
- Mr. Peterson discussed negotiated support services and allowances for items the GC/CM would normally do (survey, hoist, trash removal), not to be in the MACC (and so it wouldn't count against the 30% of self-performed work allowed by the GC/CM)
- Mr. Eng stated that only the GC/CM labor is within the Bid General Conditions

(3) Paying fees for changes and financing – some changes have been accomplished for long time, but not approved for payment

- The task force will continue to work on revising the proposal.

Subcommittee Consensus Item:

- Centralized Review Board needs draft legislation
- Set the MACC at 90% design

Meeting Adjournment

The meeting was adjourned at approximately 3:00 p.m.